



MEMORANDUM

TO: Superintendents, Business Managers, and Charter School Sponsors

FROM: Melissa K. Ambre, Director
Office of School Finance

DATE: March 4, 2011

SUBJECT: 2012 and 2013 Formula Projections for LSA

This memorandum provides information about the location of projections of school funding formula variables for the 2012 and 2013 school funding formula simulations. The data have been prepared by staffs of the Legislative Services Agency (LSA) and the State Budget Agency, and will be used by the General Assembly to forecast the costs of potential funding formulas.

Changes in the data can be made if you believe any of the projections are not representative of the data for your corporation. In order for us to provide revised data to the LSA staff, for meaningful use in the next formula simulation, we must receive your changes as soon as possible but no later than Friday, March 25, 2011. The Department will provide a file containing all the estimated components to LSA on Monday, March 28, 2011.

To effect a change in the data, access the School Finance Application Center at <https://dc.doe.state.in.us/StateAid/>. The Application Center is a secure site and a User-ID and Password are required. The User-ID is the 4-digit school corporation or charter school number and the password is the 4-digit PIN. Click on Corporation Information and then Estimate Formula Components. This link is on the left-hand side of the page.

Each estimated component appears in the columns titled 2011-2012 LSA Forecasted Data, 2012-2013 LSA Forecasted Data, 2011-2012 Corp Forecasted Data, and 2012-2013 Corp Forecasted Data. Changing the estimated data will occur in the columns titled 2011-2012 Corp Forecasted Data and 2012-2013 Corp Forecasted Data. If no change is made to the LSA forecasted data, the value in the Corp forecasted data will default to the LSA forecast. After all changes are made, Click the Save All Changes button on the lower right-hand side of the screen.

Staff, in Legislative Services Agency and the Budget Agency, have provided an explanation of their forecasting methods as follows:

ADM – this value was projected by determining the increase/decrease in ADM for the last three years and weighting the difference. **Example:** $2012ADM = 2011ADM + .5 * (2011ADM - 2010ADM) + .4 * (2010ADM - 2009ADM) + .1 * (2009ADM - 2008ADM)$

ADM K-3 – this value was projected using the same method as ADM.

New Charter School ADM – this value was projected using a weighted average of the total ADM from new charter schools from 2007 to 2011.

Special Education Student Counts – Counts were projected using a regression analysis based on the values for the 2008 through 2011.

Vocational Education Student Counts – Projections were made using a regression line based on values from 2008 to 2011 of a weighted count.

The weight count was determined by summing:

- 6 * number more than Moderate Labor Market Need/ High Wage
- 5 * number more than Moderate Labor Market Need/ Moderate Wage
- 4 * number more than Moderate Labor Market Need/ Low Wage
- 5 * number Moderate Labor Market Need/ High Wage
- 4 * number Moderate Labor Market Need/ Moderate Wage
- 3 * number Moderate Labor Market Need/ Low Wage
- 4 * number less than Moderate Labor Market Need/ High Wage
- 3 * number less than Moderate Labor Market Need/ Moderate Wage
- 2 * number less than Moderate Labor Market Need/ Low Wage

The “wage and demand programs”, the “other vocational programs”, and “area participation” counts were projected using a regression analysis based on the values for the 2008 through 2011.

Honors Diploma – this value was projected by determining the increase/decrease in Honors Diplomas for the last three years and weighting the difference. **Example:**
 $2012Hon = 2011Hon + .5 * (2011Hon - 2010Hon) + .4 * (2010Hon - 2009Hon) + .1 * (2009Hon - 2008Hon)$

After all projections were made the percentage change from year to year was limited by the 5% and 95% of each projection to remove outliers.

If you have questions about the forecasting methodology, please contact the Legislative Services Agency at 317-232-4825. If you have questions or difficulty with this process, please contact staff in the Office of School Finance at 317-232-0840.